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Message Text

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44
ACTION EB-06

INFO OCT-01 ARA-06 EUR-08 EA-06 ISO-00 SWF-01 AID-05

CEA-01 CIAE-00 COME-00 FRB-01 INR-05 NSAE-00 RSC-01

CIEP-01 SP-02 STR-01 TRSE-00 LAB-01 SIL-01 SAM-01

OMB-01 L-01 SS-15 NSC-05 H-01 PA-01 PRS-01 USIA-06

IO-04 TAR-01 /084 W
---------- 123712
P R 051902Z NOV 74
FM AMEMBASSY LONDON
TO SECSTATE WASHDC PRIORITY 5406
INFO AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY COPENHAGEN
AMEMBASSY DUBLIN
AMEMBASSY LUXEMBOURG
AMEMBASSY PARIS
AMEMBASSY ROME
AMEMBASSY THE HAGUE
AMEMBASSY CANBERRA
AMEMBASSY GEORGETOWN
USMISSION EC BRUSSELS
USMISSION OECD PARIS
USDA/FAS WASHDC

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E.O. 11652: N/A
TAGS: EAGR, EEC, UK
SUBJ: SUGAR: WORKERS PROTEST SUBSIDIZATION SCHEME

REF: LONDON 13932

1. THE EC SUGAR SUBSIDIZATION SCHEME HAS SUDDENLY ENCOUNTERED ACTIVE OPPOSITION WITH THE WORKERS OF ONE
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OF THE UK'S LARGEST REFINERIES DECISION TO IMPOSE A

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FOURTEEN DAY "BLOCKADE" ON ALL DELIVERIES FROM THEIR FACTORY, EFFECTIVE YESTERDAY, NOVEMBER 4. THE AFFECTED PLANT IS THE LARGE TATE AND LYLE REFINERY AT SILVERTOWN, EAST LONDON. THIS PLANT SERVES SOUTH AND EAST ENGLAND AND THE WORKERS' ACTION IS EXPECTED TO EXACERBATE AN ALREADY SERIOUS SUGAR SHORTAGE IN THE LONDON AREA. ACCORDING TO PRESS STORIES AND RADIO INTERVIEWS WITH WORKER REPRESENTATIVES, THE WORKERS HAVE DECIDED TO KEEP ON THE JOB, BUT ONLY IF ALL SUGAR REFINED IS DELIVERED TO WAREHOUSES AND NONE TO MARKET.

2. PRIMARY REASON GIVEN FOR THE BLOCKADE IS THE WORKERS' DISSATISFACTION WITH THE SUGAR SUBSIDIZATION SCHEME WORKED OUT DURING THE EC COUNCIL OF AGMINS, OCTOBER 21-22 (REFTEL), AND THE IMPLICATIONS OF THIS FOR THE FUTURE OF THE LARGE CANE REFINING INDUSTRY WHICH HAS DEPENDED UPON IMPORTS OF RAW CANE SUGAR. A SECONDARY REASON PUT FORWARD IS THE BELIEF EXPRESSED BY SOME WORKER REPRESENTATIVES THAT RETAILERS HAVE INTENTIONALLY STOCKPILED SUGAR IN ANTICIPATION OF LAST WEEK'S AUTHORIZATION OF A 5-1/2 PENCE PER TWO-POUND BAG INCREASE IN RETAIL PRICES. THIS VIEW REASONS THAT THE "CULPRITS WILL BE EXPOSED" IF SUGAR IS NOW BROUGHT FORTH FOR SALE AT NEW, HIGHER PRICES.

3. REGARDING THE IMPLICATIONS OF THE ACTION FOR EC RELATIONSHIPS, ONE VIEW IS THAT THE BLOCADE WILL STRENGTHEN MINAG PEART'S HAND AT THE NEXT MINAG MEETING, NOVEMBER 18-19, ENABLING HIM TO GET A DEAL WHICH WOULD GIVE SOME MEASURE OF ASSURANCE TO THE CANE SUGAR PROCESSORS. A UNION SPOKESMAN REFERRED SPECIFICALLY TO THE 1.4 MILLION TONS OF SUGAR FROM DEVELOPING CSA COUN-TRIES. HIS MEMBERS WANT TO SAFEGUARD THIS AMOUNT WHEN TERMS FOR THESE SUPPLIES ARE NEGOTIATED WITH THE RE-MAINDER OF THE EC LATER THIS MONTH. HOWEVER, AN OFFICIAL OF PEART'S MINISTRY TENDED TO DISCOUNT THIS VIEW IN A CONVERSATION WITH AN EMBOFF. HE FELT THE BLOCADE PROBAB-LY COULD BE CLASSIFIED AS AN "IRRITANT" WHICH MORE THAN ANYTHING POINTS UP THE VULNERABILITY OF THE CANE REFININ-
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G INDUSTRY. OBVIOUSLY, THE UK IS CONCERNED WITH POSSIBLE UNEMPLOYMENT IN THE INDUSTRY, HE SAID, BUT THE MAJOR PROBLEM STILL WAS ONE OF ASSURING A STEADY SUPPLY OF SUGAR. IN THIS REGARD, HE AGREED THAT THE BLOCADE MIGHT INDEED HAVE AN IMPORTANT EFFECT IN UNDERLINING THE NEED FOR AN EARLY DECISION ON JUST WHERE AND HOW BRITAIN SHOULD LOOK FOR ITS LONG-TERM SUGAR NEEDS.

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SOHM

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: SUGAR, SUBSIDIES, LABOR DISPUTES
Control Number: n/a
Copy: SINGLE
Draft Date: 05 NOV 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974LONDON14445
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740317-0685
From: LONDON
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19741171/aaaachxd.tel
Line Count: 116
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: LONDON 13932
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 03 APR 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <03 APR 2002 by martinml>; APPROVED <07-Aug-2002 by golinofr>
Review Markings:

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US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: SUGAR: WORKERS PROTEST SUBSIDIZATION SCHEME
TAGS: EAGR, UK, EEC
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

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